

Since passage of the Telecommunications Act of 1996 and the deregulation of cable television, consumers have seen their rates jump an average of 59 percent -- with some areas experiencing even more dramatic increases. The cost of cable modem service remains out of reach for many households, holding constant for years and selectively underserving rural and low-income Americans. The American people are watching the digital divide widen even as the need for access to high-speed networks increases.

The FCC, through this Notice of Proposed Rulemaking, recognizes that new video competition is entering the market, as phone companies (like AT&T and Verizon) begin to roll out television. The Commission asks

if the telephone companies are slowed or blocked in their expansion by the process of negotiating franchises - the agreements that companies seeking to provide video services sign with local governments which set the terms for building cable television systems.

These franchise agreements are what guarantee that local governments control rights-of-way and obtain fair rents from the companies that dig them up to lay cable. They guarantee universal build-out of the technology and its advantages to every household in the community, not just affluent neighborhoods. They guarantee public access television, funding to provide it, as well as other services like

low-cost broadband
for our schools and
libraries.

Though the
franchising process
has not been
perfect, it has been
a critical safeguard
to protect the
interests of
consumers and
citizens in our
local communities.
Now that the phone
companies are
building television
systems, local
communities are
hungry for new
competition that
could drive down
costs, increase
options, provide
local access to
local content and
bring us closer to
bridging the digital
divide.

Does the franchising
process need reform?

Perhaps. However,
the most important
problem is not how
to ensure the
process is changed
to suit the
interests of

telephone companies.

Instead, the most important problem is how to ensure that the rights and services of local communities are protected and enriched. We should start with these desired outcomes and work backwards to see if the process to deliver them can be improved. Local governments undoubtedly will - and must - play a key role in any future franchising process.

As new franchising rules are considered, a number of market realities must be taken into account. There is a distinct lack of independent programming, particularly local independent programming, on cable systems. This is largely the result of vertical and horizontal consolidation

amongst the largest media companies and cable providers. We are required to buy channels we do not want or need because the cable operators bundle them together. The quality of customer service often reflects the fact that cable television is not a competitive market. The mere presence of satellite providers does not drive down rates, nor does it yet present other reasonable options for broadband access.

In many communities, the only truly independent sources of local news, information and culture come from the public channels produced at local access centers. They are the only way many citizens see local government in action and often the only way residents get information

about events
happening
close-to-home. Some
towns have been able
to negotiate for
funding to make
these resources more
powerful. Others
have obtained wired
schools and
libraries, resources
for e-medicine,
government
efficiency programs
and other
educational
initiatives. All use
their negotiating
power to ensure the
entire community is
served.

The risk of
supplying
one-size-fits-all
franchises to new
providers is the
elimination of these
and other valuable
services that
fulfill important
public policy aims.
There is surely a
need for new
providers of
broadband and video
content to enter
existing markets, be
they private or

public.

However, no matter the level at which franchises to new providers are granted - be it local, state, or national - local communities cannot be cut out of the process. They must have real power in deciding how new video and broadband systems will be implemented and what features will be available to meet future needs.